



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 4/25/2008

GAIN Report Number: BR8615

Brazil

Grain and Feed

"Brazil Bans Rice Exports": Much Ado About Nothing

2008

Approved by:

Alan Hrapsky, Agricultural Counselor
U.S. Embassy

Prepared by:

Elizabeth Autry, Agricultural Attaché

Report Highlights:

In an announcement regarding the upcoming auction for 55,000 mt of lower quality government rice stocks, the Brazilian Minister of Agriculture announced that the government would block the export of the 1 million mt (milled equivalent) of rice currently in government stocks for the next 6 to 8 months. Some of the press mistakenly reported that Brazil was halting all rice exports.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Brasilia [BR1]
[BR]

In an announcement regarding the upcoming auction for 55,000 mt of low quality government rice stocks, the Brazilian Minister of Agriculture announced that the government would block the export of the 1 million mt (milled equivalent) of rice currently in government stocks for the next 6 to 8 months and would encourage the private sector to not export rice. Following a meeting with the rice sector the following day, the Minister confirmed that Brazil has enough rice in public and private stocks to not need to block exports of privately-held rice.

In mid-2007, the Brazilian government discovered that it had not been counting some of the rice that was in government stocks. In January 2008, the government published an adjusted public stocks number of 1 mmt. Despite the internal price of rice rising 24 percent in 12 months, the government had sold only 70,000 mt by the end of March. However, the price rose an additional 30 percent over the last several weeks, motivating the recent announcement.

For the first time in 4 years, the price of rice in Brazil is higher than the cost of production. Making producers even happier, Brazil had a good crop this year, producing 8 million mt (mmt) of rice (milled equivalent). According to industry reports, Brazil should be able to supply all domestic demand and could have as much as 1 mmt available for export this year. Brazil is traditionally a small exporter of broken rice, primarily to Senegal, only recently exporting milled rice, mostly to Benin. Brazil exported approximately 57,000 mt of milled rice in both 2006 and 2007, but broken rice still accounts for 70 to 80 percent of total exports.

